

Message Text

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ACTION COME-00

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FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 124

INFO AMEMBASSY GABORONE

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AMCONSUL LUBUMBASHI

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FOR COMMERCE (HON LIEN, HERB SOCKS)

EO 11652: N/A

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SUBJECT: MINING EQUIPMENT TRADE MISSION

BEGIN UNCLASSIFIED

1. SUBJECT MISSION FLEW TO BOTSWANA AFTER MUTUALLY INFORMATIVE SIX-DAY VISIT TO ZAMBIA. AS ALL COMPANIES BUT ONE (TORKELSON) HAD ALREADY ENTERED MARKET AND, IN FACT, HAVE SUBSIDIARIES OR APPOINTED AGENTS HERE, OBJECTIVES IN MOST CASES WERE LESS IMMEDIATE SALES THAN TO MAKE HIGH-LEVEL REVIEW OF ZAMBIAN MINING DEVELOPMENTS, INCLUDING PRESENT AND FUTURE SALES POTENTIAL; INSPECT PERFORMANCE OF PRODUCTS AND SUBSIDIARIES/AGENTS; AND MEET SENIOR MANAGEMENT OF END-USER COMPANIES, THEREBY DEMONSTRATING HIGH-LEVEL INTEREST IN ZAMBIA'S MINING INDUSTRY AND CONNECTION WITH US INDUSTRY. TORKELSON'S OBJECTIVES WERE ESSENTIALLY TO INTRODUCE ITSELF AND LOOK FOR LONG-RANGE OPPORTUNITIES. BELIEVE ALL MEMBERS WERE ABLE MEET THESE BASIC OBJECTIVES.

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2. MEETINGS WEREHELD IN COPPERBELT MAY 2 WITHCHIEF

BUYERS OF RCM AND NCCM, ZAMBIA'S TOP COPPER-PRODUCING COMPANIES. REST OF TIME SPENT ON VISITS TO SEPARATE MINES, ARRANGED WITH ASSISTANCE OF SUBSIDIARIES/AGENTS TO GIVE MEMBERS OPPORTUNITY SEE EQUIPMENT IN ACTION (OR IN WORKSHOPS AWAITING REPAIR) AND TO TALK WITH TECHNICIANS.

3. WEEKEND RECEPTION HOSTED BY AMBASSADOR WAS WELL ATTENDED BY KEY GRZ OFFICIALS, EXECUTIVES OF RCM AND NCCM HEADQUARTERS, AND PRIVATE INDUSTRY REPRESENTATIVES. IN ABSENCE OF MISSION DIRECTOR, HUFF OF TORKELSON COMPANY, JOINED AMBASSADOR IN MAY 3 CALL ON MINISTER OF MINES AND INDUSTRY KASHITA WHO REGRETTED INABILITY FIND MUTUALLY CONVENIENT TIME TO MEET WITH ENTIRE GROUP, BUT ASKED MESSAGE BE PASSED TO MISSION THAT ZAMBIA WELCOMES FOREIGN TRADE AND INVESTMENT, IS PARTICULARLY APPRECIATIVE OF US FIRMS (E.G., EIMCO AND PHELPS-DODGE) WHICH ARE EXPANDING THEIR MANUFACTURING FACILITIES IN ZAMBIA AND URGES US COMPANIES CAREFULLY REVIEW THEIR OPERATIONS TO SEE WHAT IF ANY MANUFACTURING FOR MINING INDUSTRY MIGHT BE SHIFTED IN WHOLE OR PART FROM EUROPE, US OR SOUTH AFRICA TO ZAMBIA. WHOLE GROUP HAD OPPORTUNITY CALL ON MINISTER OF COMMERCE MAY 6. GROUP MEETINGS ALSO ARRANGED WITH KEY OFFICIALS OF ANGLO-AMERICAN CORP. (NCCM), AMAX (RCM) AND GRZ/MINDECO.

4. MOST MISSION MEMBERS FOUND ZAMBIA TO BE GOOD MARKET -- "NOT AS BIG AS ZAIRE RIGHT NOW, BUT POTENTIALLY BIGGER IN FUTURE," AS ONE PUT IT. THEY REPEATEDLY ENCOUNTERED CONCERN OVER LONG LEAD TIME FOR DELIVERIES AND IMPERFECTIONS IN AFTER-SALES SERVICE. GRZ DESIRE TO RE-SOURCE AWAY FROM SOUTH AFRICA AND GRZ INTEREST IN MAXIMIZING LOCAL COMPONENT MANUFACTURING THROUGH INVESTMENT BY EXPORTING COMPANIES DRIVEN HOME TO MEMBERS. IN RESPONSE TO KASHITA MESSAGE, MOST MISSION MEMBERS SAID THEY WOULD LOOK INTO SOME LOCAL ASSEMBLY AND MANUFACTURING, PROVIDED PROJECTS ARE COMMERCIALY FEASIBLE AND REQUISITE MATERIALS ARE AVAILABLE. EMBASSY ENDEAVORING FOLLOW UP WITH MINISTER FOR COMPLETE INVENTORY REFLECTING GRZ VIEWS ON SPECIFIC POSSIBILITIES. END UNCLASSIFIED
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5. BEGIN LOU: COMPETING PRESENCE OF LARGE SWEDISH MINING MISSION POSED SOME REAL OPERATING PROBLEMS RE PUBLICITY AND OFFICIAL GRZ APPOINTMENTS; DAHLSTROM LECTURE CANCELLED BECAUSE OF CONFLICT WITH SWEDISH SYMPOSIUM. US MISSION, HOWEVER, SEEMS TO HAVE BEEN TAKEN MORE SERIOUSLY, AND WITH GREATER RESPECT ON GROUNDS SENIORITY AND EXPERTISE BY MINING INDUSTRY, THAN SWEDISH

GROUP WHICH ESSENTIALLY TECHNICAL AND ACADEMIC. END LOU.

6. BEGIN UNCLASSIFIED: ARTICLE ON BUSINESS PAGE
OF MAIL TODAY MAY 9 SUMMARIZED ACTIVITIES OF MISSION,
NOTED MEMBERS' RESERVATIONS ABOUT ESTABLISHING MACHINERY
MANUFACTURING PLANTS HERE DUE TO LIMITED MARKET, AND
FOCUSSED ON WILLINGNESS OF SOME COMPANIES REPRESENTED
TO CONSIDER LOCAL ASSEMBLY AND SPARE PARTS
FABRICATION IN ZAMBIA. ARTICLE ALSO REPORTED
COMMENT BY ACTING MISSION LEADER JOHNSON THAT VISIT
REFLECTED IMPORTANCE ATTACHED IN US TO DEVELOPMENT OF
ZAMBIAN MINING INDUSTRY.

7. MISSION WAS UNUSUAL BECAUSE NONE BUT TORKELSON WAS
NEW TO MARKET. MEMBERS WERE UNANIMOUS, HOWEVER, IN
SAYING PARTICIPATION IN MISSION ENABLED THEM REACH
HIGHER LEVEL OF CONTACTS IN SHORTER PERIOD OF TIME
THAN COULD HAVE BEEN POSSIBLE ON ROUTING VISIT. FORMAL
REPORTS, AS PER LIEN'S INSTRUCTIONS, WILL BE SUBMITTED
DIRECTLY TO USDOC.
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